



STATE OF INDIANA

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From: Zac Jackson, State Budget Director 
To: Agency Heads and Chief Financial Officers
CC: Governor Holcomb, Lieutenant Governor Crouch, and OMB Director Cris Johnston
Subject: FY 2020 Fiscal Management
Date: March 23, 2020

The Coronavirus (COVID-19) is altering many of the ways that Hoosiers live. As the need for government services will undoubtedly continue to grow, higher unemployment and less economic activity will certainly lead to lower than forecasted state revenue collections. We anticipate that both of these forces, higher demand for services and dramatically lower revenue collections, will exert a significant strain on the state's resources.

While we are in a sound fiscal position for the budget that was adopted in 2019, it is imperative that we all do our part and begin tightening our belts in order to ensure that funding is available to maintain and support critical services and operations in light of the conditions we will soon be facing.

The State Budget Agency is laser-focused on the fiscal stewardship that will be required for the remainder of the biennium, and we call upon your assistance. Starting this week, your Budget Analyst will reach out to discuss the following items:

1. **FY 2020 reversions.** At the beginning of the fiscal year, most executive branch agencies agreed to hold back a 2% reserve on their appropriations. We now need to work together to maximize those reversions for this fiscal year. When trying to maximize your reversion, I encourage you to think through the following: Is this purchase essential at this time? Is it essential that this vacant position be filled right now? Is this contract (or amendment) essential? **Please work with my staff to develop a new spending plan by April 15th that maximizes your General Fund and dedicated fund reversions this fiscal year.** This is particularly important in light of the 90 day deferral of the payment of income tax payments due April 15 to assist Hoosiers.
2. **Dedicated fund balance projections.** We also need to make sure that dedicated funds are positive at the end of FY 2020 and FY 2021. Less than anticipated economic activity will certainly lead to less revenues for most dedicated funds. **Please work with my staff to update dedicated fund spending and revenue projections for the rest of this biennium by April 15th as well.**
3. **FY 2021 reserve targets.** At this moment, a reserve target has not been set for FY 2021, but I anticipate that decision being made in April. For now, please assume that the reserve target for FY 2021 will be significantly larger than FY 2020, and begin planning accordingly. This applies to both General Fund and dedicated fund appropriations.

I appreciate your partnership as we enter these tough times. The State Budget Agency is committed to making sure that we have sufficient funding to support your most critical operations and needs. With your help, I am confident that we can make this happen.